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State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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RECEIVED

FEB 16 1995

STATE NATURAL RESOURCES

February 13, 1995

Michael Watson, President
U. S. Fuel Company
P. O. Box 887
Price, Utah 84501

Re: Request for Permit Change, Bond Adjustment #94B, U.S. Fuel Company, Hiawatha Mine, ACT/007/011, Folder 4, Carbon County, Utah

Dear Mr. Watson:

The Division has reviewed your request to adjust the reclamation bond amount for the above-cited mine and has established a new reclamation bond in the amount of \$2,838,000. The basis for this new amount is summarized in the enclosed memo.

This new bond amount takes into consideration the reclamation conducted at various portions of the disturbed area specificized in your request for permit change, plus an evaluation of reclamation costs for work not yet started. This bond adjustment is not a phased bond release, and is being made under the provisions of Utah Admin. R. 645-301-830.410, and 830.430 which anticipate modification of bond amounts. U. S. Fuel is responsible for reclamation of the same disturbed area as it was previous to this letter, bond amounts have been changed to reflect work done by U. S. Fuels and proposed new reclamation techniques and costs.

Your present bond is approximately 38% surety (\$1,450,000), and 62% (\$2,329,000), self-bond. This bond adjustment will reduce the self-bond percentage to approximately 49%. Please complete the enclosed reclamation contract to reflect this change.

The Division is completing its mid-term review of the Hiawatha permit, and will condition this review with a requirement to furnish maps and other materials that appropriately reflect the site configuration at the time of this bond adjustment.

Very truly yours,

James W. Carter
Director

vb
Enclosures
T. Ehmett, AFO/OSM
P. Grubaugh-Littig
D. Haddock
J. Helfrich
PFO